

Message Text

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46

ACTION AGR-20

INFO OCT-01 NEA-10 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SP-03 CIEP-02 LAB-06 SIL-01 OMB-01 SWF-02 DRC-01 /110 W

----- 024260

P R 231150Z APR 74

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC PRIORITY 4363

INFO AMEMBASSY KABUL

AMEMBASSY NEW DELHI

AMCONSUL KARACHI

AMCONSUL LAHORE

LIMITED OFFICIAL USE ISLAMABAD 3843

E.O. 11652: N/A

TAGS: EAGR, ECON, PK

SUBJECT: FERTILIZER AND RICE PROCUREMENT PRICES INCREASED--
NO CHANGE IN WHEAT PROCUREMENT PRICE

REF: KARACHI 0737 (NOTAL)

1. SUMMARY. APRIL 20 GOP ANNOUNCED SIGNIFICANT FERTILIZER PRICE INCREASE AND HIGHER PROCUREMENT PRICES FOR RICE. ENTIRE FERTILIZER PRICE INCREASE ABSORBED BY DEVELOPMENT SURCHARGE. WHEAT PROCUREMENT PRICE NOT INCREASED. END SUMMARY.

2. INCREASED RICE PROCUREMENT PRICE APPLICABLE FOR 1974-75 CROP WHICH SHOULD BE PLANTED WITHIN NEXT SEVERAL MONTHS, NEW AND OLD PRICES PER MAUND (1 MAUND EQUALS 82 POUNDS) FOLLOW:

(NEW (RS.) (OLD (RS.)

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BASMATI 90 62

BEGMI & IRRI-6 40 27

KANGNI JOSHI 39 26

IRRI-8 38 25

3. UREA, MOST IMPORTANT FERTILIZER PRODUCED LOCALLY, WAS INCREASED FROM RS. 1100 TO RS. 1500 PHRCWBFAHWKTA,# BUT ENTIRE PRICE INCREASE WAS ABSORBED BY DEVELOPMENT SURCHARGE. (CURRENTLY NONE OF INCREASE WILL GO TO DOMESTIC MANUFACTURERS.) OTHER FERTILIZER PRICES INCREASED PER METRIC TON AS FOLLOWS:

	OLD	NEW
	---	---
AM. SULFATE	500	680
AM. NITRATE	625	850
DAP	1140	1500
NITROPHOS	1140	1300
TSP	680	1100
SINGLE SUPER PHOS.	300	440

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4. COMMENT. WHEAT: SIGNIFICANTLY, PROCUREMENT PRICE FOR WHEAT CROP, FORWHICH HARVESTING HAS JUST BEGUN, WAS NOT INCREASED. ALL INDICATIONS ARE THAT CROP SHOULD BE A RECORD YIELD ALTHOUGH PERHAPS SLIGHTLY BELOW OFFICIAL GOP PREDICTION YWKVUT # MILLION METRIC TONS. CRUCIAL QUESTION IS WHETHER OR NOT GOP WILL BE ABLE TO OBTAIN ALL OR MAJOR PORTION OF OFFICIALLY ESTIMATED 2.2 MILLION METRIC TONS REQUIRED FOR RATION SHOPS AT PRESENT PROCUREMENT PRICE OF RS. 25,5 PER MAUND WHICH IS BELOW FREE MARKET PRICE PRESENTLY AT LIMITED OFFICIAL USE

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RS. 28-29 PER MAUND. GOP APPARENTLY ANTICIPATES FREE MARKET PRICE WILL FALL AS ABUNDANT CROP COMES ON MARKET. ANOTHER IMPORTANT CONSIDERATION WILL BE GOP ABILITY TO CONTROL SMUGGLING OF WHEAT. INDIAN WHEAT PROCUREMENT PRICE IS APPROXIMATELY DOUBLE GOP PROCUREMENT PRICE.

5. RICE: SIGNIFICANT INCREASE IN RICE PROCUREMENT PRICES SHOULD ENCOURAGE FARMERS TO MAINTAIN AND POSSIBLY INCREASE

ACREAGE OF THIS CROP DUE TO BE PLANTED IN JUNE AND JULY.

6. FERTILIZER: AMCONGEN KARSUHI REPORTS THAT GEORGE SWEENEY, ESSO FERTILIZER MANAGER, REASONS THAT APRIL 20 RETAIL PRICE INCREASE OF ABOUT 36 PERCENT LENDS MUCH WEIGHT TO HIS REQUEST, ALREADY MADE TO GOP ON JANUARY 10, 1974, FOR UREA PRICE INCREASE OF RS. 177 PER METRIC TON OR ABOUT 26 PERCENT TO NEW LEVEL OF RS. 854 PER METRIC TON ON BASIS OF FERTILIZER PRICE INCREASES IN US AS PROVIDED BY CONTRACT BETWEEN ESSO AND GOP. SWEENEY AS WELL AS DAWOOD HERCULES OFFICIALS ATTEMPTING TO SEE SEC GEN FINANCE A.G.N. KAZI TO DISCUSS WITH HIM URGENTLY THE CASE FOR CONCOMITANT INCREASE IN UREA PRICE TO PRODUCING PLANTS. REPORTEDLY KAZI HAS LEFT FOR KUALA LUMPUR TO HEAD GOP DELEGATION TO ADB MEETING AND WILL RETURN ISLAMABAD APRIL 29. END COMMENT. END LIMITED OFFICIAL USE.
BYROADE

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